

WHITNEY TOWNSHIP BUILDING AUTHORITY
Arenac County, Michigan

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

With Auditor's Report

JUL 15 2004

Year Ended March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name WHITNEY TOWNSHIP BUILDING AUTHORITY	County ARENAC
Audit Date 3/31/04	Opinion Date 7/12/04	Date Accountant Report Submitted to State: 7/14/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

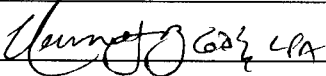
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) KENNETH B. COOK, CPA, PC			
Street Address 438 LAKE STREET	City TAWAS CITY	State MI	ZIP 48763
Accountant Signature 		Date 7/12/04	

WHITNEY TOWNSHIP BUILDING AUTHORITY
Arenac County, Michigan

Table of Contents

Auditor's Report	1
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund	3
Notes to Financial Statements	4-5
Letter of Comments and Recommendations	6

Kenneth B. Cook, CPA, PC

Certified Public Accountant



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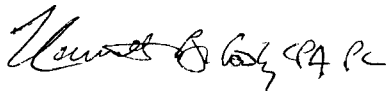
July 12, 2004

Members of the Authority Board
Whitney Township Building Authority
Arenac County, Michigan

I have audited the accompanying financial statements of the Whitney Township Building Authority, Arenac County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Whitney, Arenac County, as of March 31, 2004 and the results of operations and the changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.



Kenneth B. Cook, CPA, PC
Certified Public Accountant

WHITNEY TOWNSHIP BUILDING AUTHORITY
Arenac County, Michigan

Combined Balance Sheet - All Fund Types
March 31, 2004

	General Fund Types	Account Groups	Totals (Memorandum Only)
	General Fund	Long-Term Debt	
<u>Assets</u>			
Cash - Checking & Savings	\$0	-	\$0
Net investment in direct financing lease	54,000	-	54,000
Amount to be provided for Capital Lease Lease Obligation		54,000	54,000
Total Assets	<u>\$54,000</u>	<u>\$54,000</u>	<u>\$107,999</u>
<u>Liabilities & Fund Equity</u>			
Liabilities:			
Bonds Payable	\$0	\$54,000	\$54,000
Total Liabilities	<u>0</u>	<u>54,000</u>	<u>54,000</u>
Fund Equity:			
Fund Balance			
Unreserved	54,000	-	54,000
Total Fund Equity	<u>54,000</u>	<u>0</u>	<u>54,000</u>
Total Liabilities & Fund Equity	<u>\$54,000</u>	<u>\$54,000</u>	<u>\$108,000</u>

The notes to the financial statements are an integral part of this statement.

WHITNEY TOWNSHIP BUILDING AUTHORITY
Arenac County, Michigan

Statement of Revenues, Expenditures and Changes in Fund Balance -
General Fund
For the Year Ended March 31, 2004

Revenues:	
Interest earned - lease	\$4,000
	<hr/>
Total Revenues	4,000
Expenditures:	
Debt Service - Principal	26,000
Debt Service - Interest	4,000
	<hr/>
Total Expenditures	30,000
	<hr/>
Excess of Revenues Over (Under) Expenditures	(26,000)
Fund Balance, April 1, 2003	80,000
	<hr/>
Fund Balance, March 31, 2004	<u>\$54,000</u>

The notes to the financial statements are an integral part of this statement.

WHITNEY TOWNSHIP BUILDING AUTHORITY

Arenac County, Michigan

Notes to Financial Statements

March 31, 2004

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Whitney Township Building Authority, Arenac County, Michigan conform to generally accepted accounting principles as applicable to governmental units.

Basis of Presentation:

The financial activities of the Whitney Township Building Authority are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all the transactions not accounted for in another fund, including the general operating expenditures of the Building Authority revenues which are primarily derived from contractual lease obligations.

Account Groups

General Long Term Debt Group of Accounts

This account group presents the balance of general obligation long-term debt of the Building Authority.

Basis of Accounting

The financial statements have been prepared using the modified accrual basis of accounting. Revenues are recognized in the period they become available and measurable. Expenditures are recognized in the period they are incurred.

Note 2 - Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the year ended March 31, 2004:

	General Obligation
Capitalized Lease Payable April 1, 2003	\$80,000
Lease payments	(26,000)
Capitalized Lease Payable March 31, 2004	<u>\$54,000</u>

Note 3 - Revenue Bonds Payable

The Whitney Township Building Authority - Revenue Bonds were issued pursuant to the provisions of Act No. 31, Public Acts of Michigan, 1948 (first extra session), as amended, for the purposes of defraying the cost of acquiring and constructing a township hall for the lease to and use by the Township of Whitney. A detailed schedule of debt retirement requirements follows:

Maturing Fiscal Year	Maturing March 1	Coupon Rate	September 1	March 1	Total Principal and Interest Requirements
2004-05	\$7,000	5%	\$1,350	\$1,350	\$9,700
2005-06	7,000	5%	1,175	1,175	9,350
2006-07	7,000	5%	1,000	1,000	9,000
2007-08	8,000	5%	825	825	9,650
2008-09	8,000	5%	625	625	9,250
2009-10	8,000	5%	425	425	8,850
2010-11	8,000	5%	225	225	8,450
2011-12	1,000	5%	25	25	1,050
	<u>\$54,000</u>		<u>\$5,650</u>	<u>\$5,650</u>	<u>\$65,300</u>

Note 4 - Net Investment in Direct Financing Lease

The lease which the Building Authority entered into with Whitney Township for the township hall qualifies as a direct financing lease under the Financial Accounting Standards Board, Pronouncement #13. Accordingly, the related assets are recorded on the books of Whitney Township. In the event the indebtedness of the Building Authority is satisfied prior to the expiration of the lease, the lessee is relieved of further obligation.

Following are the components of the net investment in capitalized leases as of March 31, 2004:

Total Minimum Lease Payments Receivable	\$65,300
Less: Unearned Finance Charges	<u>(11,300)</u>
Present Value of Net Minimum Lease Payments	<u>\$54,000</u>

At March 31, 2004, minimum lease payments for each of the five succeeding fiscal years are as follows: \$9,700 in 2004, \$9,350 in 2005, \$9,000 in 2006, \$9,650 in 2007 and \$9,250 in 2008.

Note 5 - Totals (Memorandum Only)

The combined financial statements of fund types and account groups present a total column for the year ended March 31, 2004, which aggregate the fund type and account group. This column is presented only for comparative purposes and should not be construed as presenting consolidated financial information.

Kenneth B. Cook, CPA, PC

Certified Public Accountant



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July 12, 2004

Members of the Authority Board
Whitney Township Building Authority
Arenac County, Michigan

In the planning and performing of my audit of the general purposed financial statements of the Whitney Township Building Authority, for the year ended March 31, 2004, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statement and not to provide assurance on the internal control structure. However, I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Whitney Township Building Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that error or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. I noted no matters involving the internal control structure and its operation that I consider to be a material weakness as defined above. Items of lesser importance and comments on certain items for information purposes only follow.

This report is intended solely for the use of management and the Michigan Department of Treasury. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board, is a matter of public record.

No reportable items were found.



Kenneth B. Cook, CPA, PC
Certified Public Accountant